

**Introduced by Senator Cedillo**

February 21, 2006

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An act to amend Section 19551.1 of, and to add Section 19551.2 to, the Revenue and Taxation Code, relating to tax administration.

LEGISLATIVE COUNSEL'S DIGEST

SB 1374, as introduced, Cedillo. Tax administration: taxpayer information: disclosure.

Existing law authorizes the Franchise Tax Board, until December 31, 2008, to disclose to tax officials of any city, subject to certain specified requirements, a taxpayer's name, address, social security or taxpayer identification number, and business activity code, as provided, but limits the use of that information to employees of the taxing authority of a city.

This bill would delete the repeal date, thereby allowing tax officials of any city to obtain certain taxpayer information from the Franchise Tax Board indefinitely.

This bill would also authorize the Employment Development Department, under a reciprocal agreement with a city, to furnish tax information, as provided, to the tax officials of the city, subject to certain requirements, and would make any unauthorized disclosure or willful browsing of the information received by the city from the Employment Development Department a misdemeanor, as provided. By expanding the scope of the crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 19551.1 of the Revenue and Taxation  
2 Code is amended to read:

3 19551.1. (a) The Franchise Tax Board may permit the tax  
4 officials of any city to obtain tax information pursuant to  
5 subdivision (a) of Section 19551.

6 (b) The information furnished to tax officials of a city under  
7 this section shall be limited as follows:

8 (1) When requested pursuant to a written agreement, the  
9 taxing authority of a city may be granted tax information only  
10 with respect to taxpayers with an address as reflected on the  
11 Franchise Tax Board's records within the jurisdictional  
12 boundaries of the city who report income from a trade or  
13 business to the Franchise Tax Board.

14 (2) The tax information that may be provided by the Franchise  
15 Tax Board to a city is limited to a taxpayer's name, address,  
16 social security or taxpayer identification number, and business  
17 activity code.

18 (3) Tax information provided to the taxing authority of a city  
19 may not be furnished to, or used by, any person other than an  
20 employee of that taxing authority.

21 (4) Section 19542 applies to this section.

22 (5) Section 19542.1 applies to this section.

23 (c) The Franchise Tax Board may not provide any information  
24 pursuant to this section until all of the following have occurred:

25 (1) An agreement has been executed between a city and the  
26 Franchise Tax Board, that provides that an amount equal to all  
27 first year costs necessary to furnish the city information pursuant  
28 to this section shall be received by the Franchise Tax Board  
29 before the Franchise Tax Board incurs any costs associated with  
30 the activity permitted by this section. For purposes of this  
31 section, first year costs include costs associated with, but not  
32 limited to, the purchasing of equipment, the development of  
33 processes, and labor.

1 (2) An agreement has been executed between a city and the  
2 Franchise Tax Board, that provides that the annual costs incurred  
3 by the Franchise Tax Board, as a result of the activity permitted  
4 by this section, shall be reimbursed by the city to the board.

5 (3) Pursuant to the agreement described in paragraph (1), the  
6 Franchise Tax Board has received an amount equal to the first  
7 year costs.

8 (d) This section does not invalidate any other law. This section  
9 does not preclude any city or, city and county, from obtaining  
10 information about individual taxpayers, including those taxpayers  
11 exempt from this section, by any other means permitted by state  
12 or federal law.

13 ~~(e) This section shall remain in effect only until December 31,~~  
14 ~~2008, and as of that date, is repealed.~~

15 SEC. 2. Section 19551.2 is added to the Revenue and  
16 Taxation Code, to read:

17 19551.2. (a) The Employment Development Department  
18 may permit the tax officials of any city to obtain tax information  
19 pursuant to subdivision (a) of Section 19551.

20 (b) The information furnished to tax officials of a city under  
21 this section shall be limited as follows:

22 (1) When requested pursuant to a written agreement, the  
23 taxing authority of a city may be granted tax information only  
24 with respect to taxpayers with an address as reflected on the  
25 Employment Development Department's records within the  
26 jurisdictional boundaries of the city who report employment tax  
27 to the Employment Development Department.

28 (2) The tax information that may be provided by the  
29 Employment Development Department to a city is limited to a  
30 taxpayer's name, address, social security or taxpayer  
31 identification number, business activity code, and the size of the  
32 taxpayer's employee base.

33 (3) Tax information provided to the taxing authority of a city  
34 may not be furnished to, or used by, any person other than an  
35 employee of that taxing authority.

36 (4) Section 19542 applies to this section.

37 (5) Section 19542.1 applies to this section.

38 (c) The Employment Development Department may not  
39 provide any information pursuant to this section until all of the  
40 following have occurred:

1 (1) An agreement has been executed between a city and the  
2 Employment Development Department providing that an amount  
3 equal to all first year costs necessary to furnish the city  
4 information pursuant to this section shall be received by the  
5 Employment Development Department before the department  
6 incurs any costs associated with the activity permitted by this  
7 section. For purposes of this section, first year costs include costs  
8 associated with, but not limited to, the purchasing of equipment,  
9 the development of processes, and labor.

10 (2) An agreement has been executed between a city and the  
11 Employment Development Department providing that the annual  
12 costs incurred by the Employment Development Department as a  
13 result of the activity permitted by this section shall be reimbursed  
14 by the city to the department.

15 (3) Pursuant to the agreement described in paragraph (1), the  
16 Employment Development Department has received an amount  
17 equal to the first year costs.

18 (d) This section does not invalidate any other law. This section  
19 does not preclude any city or, city and county, from obtaining  
20 information about individual taxpayers, including those taxpayers  
21 exempt from this section, by any other means permitted by state  
22 or federal law.

23 SEC. 3. No reimbursement is required by this act pursuant to  
24 Section 6 of Article XIII B of the California Constitution because  
25 the only costs that may be incurred by a local agency or school  
26 district will be incurred because this act creates a new crime or  
27 infraction, eliminates a crime or infraction, or changes the  
28 penalty for a crime or infraction, within the meaning of Section  
29 17556 of the Government Code, or changes the definition of a  
30 crime within the meaning of Section 6 of Article XIII B of the  
31 California Constitution.